



CHANGING DIMENSIONS OF DOING BUSINESS IN INDIA

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ABSTRACT

This writing beholds the key relevance of the Make in India initiative launched by the Government of India in 2014 under the leadership of Honorable PM Narendra Modi. To boost up entrepreneurship and to streamline the economic friendly environment various initiative in this league like Ease of doing business, Startup and Standup India have been considered as a game changer. A paradigm shifts from "Red tape to Red carpet" has gradually pace the momentum and hinted to the potential growth in the manufacturing sector. This literary work is an attempt to give a comprehensive view of the subject matter and enlightens the potential projection of the growth in GDP and its contribution. The scope of this writing is limited to the developments and changes have taken place up to 2016.

KEY-WORDS : Quality of life, Society & Nutrients.

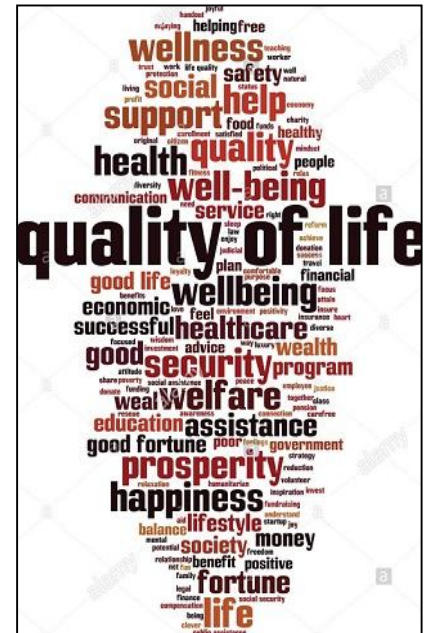
INTRODUCTION

This paper gives a holistic view on the economic reforms and industrial policy formulated since 1991 and a deliberate attempt to develop an understanding of the initiative taken by the Government of India i.e. Make in India and Startup India, Ease of doing business.

Highlights of the Initiatives of Make in India

On 25 September 2014, Government of India officially flagged off this initiative with a clear intent and well stated objective. Make in India initiative operates in clear sphere of influence listed below:

- To accelerate the growth of manufacturing sector.
- To generate the employment in organized and unorganized sector.
- To contribute significantly in the country's GDP.



From the ramparts of the Red Fort, PM Narendra Modi in his maiden speech on Independence Day pointed out the relevance of Make in India and emphatically stated how the economic growth vis-à-vis GDP can be enlarged by implementing the new ways and means of launching key initiatives.

This initiative specifically beholds the manufacturing sector and particularly encourage or attract the additional investment in the manufacturing sector. Through this writing, an attempt is made to understand the analogy of the economic reforms undertaken ever since 1991. The corner stone of the economic reforms like (Liberalization, Privatization and Globalization). and Industrial policy emphasis on the subject matter how this is practiced to accelerate the growth engine of GDP.

Changing Dimensions of Doing Business in India-Start up India, Standup India, Skill India, Make in India and Ease of Doing Business

Prior to the landmark Economic Reforms of 1991, the Indian economy was largely a closed economy. This was primarily a legacy of the socialist era, where strong protectionist instincts and high tariff barriers were the underlying theme of our economic policies. Reforms carried out from that momentous year, radically transformed our economic landscape and modified our vision of how the rate of growth of the GDP of the nation could be substantially accelerated. Extensively, in the post-Independence era, the Indian economy had been deeply rooted in the 19th century where several new foreign policies were introduced by the Government of India with assistance of economic experts and various other financial agencies. Under the supervision of Dr. Man Mohan Singh, firstly as Finance Minister and then as Prime Minister, the nation's leaders rightly envisioned the idea of opening up the economy and following the path of liberalization. The concept of "Privatization", "Liberalization" and "Globalization" thus gained significance and foreign capital inclusion started taking root in India.

This new thought process was also a timely one since the world itself was witnessing a total economic revamp with the collapse of the socialist economies and the emergence of new economic blocks such as the European Union. With the dawn of new economic thinking, came also new foreign policies and new diplomatic strategies. The scope of doing business in the new economic order became a whole new ball game. By legitimizing our economic reforms, the intent was to expose the economy to outside influences and to transform the situation of crisis into surplus. In order to bring some order and calm to the chaotic and turbulent economic scenario, bodies such as the WTO came into existence as successors to GATT (General Agreement of Tariff and Trade). The purpose of the "WTO" was to encourage trade among its members. Significantly also, the purpose was to boost the exchange of services and trade through currency in order to link world currencies and ensure their valuation on far more realistic terms.

The paranoia that had been observed among the earlier socialist economic thinkers and their belief that the strategy of liberalization and globalization reduces the role of the nation and compromises national interests was reversed. Instead, these new facets were seen as a golden opportunity to open up the market and compete in and capture a significant part of it.

Consistent with this new outlook, it was emphasized that "infrastructure" and job creation would be the focus or thrust areas of governmental initiatives. Thus a strong inclination towards the accelerated development of infrastructure as well as reduction in unemployment was observed through the decade of the nineties as well as the first decade of the current century. Along with this came strong and sustained foreign capital inflows which have seen a consistently upward rising graph.

After the general Elections of 2014, the new government of Mr. Narendra Modi began to lay great emphasis on skill development. In the interest of development of skills, the government set up the "NSDC" which is an acronym for "National Skills Development Corporation". This is a government undertaking which

works towards identifying, then harnessing and finally developing and honing the professional skills of people who are under-privileged and marginalized. There is particular concentration on the youth of India who are very talented, highly promising and full of innovative ideas. **The “Skill India” programme was launched with the intention of serving the youth of the nation who can apply themselves** and give birth to new and innovative ideas.

Another new campaign named as “Startup India, Standup India” was announced by the Prime Minister during his speech on Independence Day 2015. This scheme was readied and launched on 16th of January 2016 to help the youth of the country to showcase their entrepreneurial talent and innovative ideas. This initiative aims to provide opportunities to the youth to become industrialists and entrepreneurs on the foundation of a robust and sustainable start-ups platform and network. The new Start-ups approach envisions the youth of the country being supported by banks to acquire venture capital and strengthen their hands in establishing robust and healthy startups that could create employment opportunities on a gigantic scale and magnitude. Stress has also been laid in the scheme on opportunities being provided specifically to Dalits and women entrepreneurs. Undoubtedly, this scheme will motivate new comers and motivate them towards becoming successful entrepreneurs so that their careers can grow and along with them, can grow the economy of their country.

Action Plan of Startup India Standup India Scheme

A complete action plan of this scheme was launched on 16th January 2016. This scheme is expected boost entrepreneurship in the country at the grassroots level ensuring that benefits flow to youth from the lowest strata of society. Our youth today is bursting with fresh new ideas, new ways, and new thinking; so they are the ones who should lead the movement for hundreds of thousands of new start-ups. A host of educational institutions and professional Institutes such as IITs, NITs, Central Universities and IIMs were connected live during the successful launch of the campaign in order to involve them fully and have them on board in this historic initiative. One of the primary objectives of the program is to get banks to come out of their traditional moulds and fund ventures which have great promise and exciting new business models. A great many tax and non-tax incentives have also been provided for start-up ventures to boost entrepreneurship and create new job opportunities.

Key Points of Startup India

- Single Window Clearance even with the help of a mobile application
- 10,000 crore of funds
- 80% reduction in patent registration fee
- Modified and more friendly Bankruptcy Code to ensure 90-day exit window
- Freedom from mandatory inspections for 3 years
- Freedom from Capital Gains Tax for 3 years
- Freedom from tax in profits for 3 years
- Elimination of red tape
- Self-certification compliance
- Innovation hub under Atal Innovation Mission
- Starting with 5 lakh schools to target 10 lakh children for innovation programme.
- New schemes to provide IPR protection to start-ups and new firms
- Encouraging entrepreneurship.
- India to be recognized across the world as a start-up hub.

Make in India in Relation to Changing Business Dynamics

Make in India is an initiative launched by the government to encourage multi-national as well as national companies to manufacture their products in India. After the initiation of the programme in 2015, India climbed its way to one of the top destinations globally for FDI. The main objective of this scheme is to focus on job creation and skills enhancement in 25 sectors. The initiative hopes to attract capital and technological investment in India. With the development vision of government of India, FDI, which was not allowed in the railway sector prior to 2014, now allowed upto 100%. Prior to defence sector FDI was permitted only up to 26% which was extended up to 49% in 2014, and now it is allowed up to 100% during 2016.

A "Make in India Week" was held at the MMRDA Grounds at Bandra Kurla Complex in Mumbai on 13 Feb 2016. This event was attended by 2,500 international and 8,000 domestic investors as well as 68 foreign government delegations and business teams from 72 countries. At this event, Secretary, in the Department of Industrial Promotion and Policy Mr. Amitabh Kant stated that the event had received over 15.2 lakhs Crores (US\$230 billion) worth of investment commitments and investment inquiries worth another Rs. 1.5 Lakh Crores. India is the fastest growing large economy in the world today. With a GDP growth rate of more than 7% since 2014, the IMF has projected India's growth for 2016-17 at 7.5%, which is remarkable since there has been a forecast of global growth downgrading to 3.2% this year. The World Bank, has named India as one of the top 10 FDI destinations in 2015. The United Nations Report of the same year clearly pointed towards India when it stated that: "developing countries with a large youth population could see their economies soar, provided they invest heavily in the young people's education and health and protect their rights."

A Decade long study by the Harvard University Centre for International Economics, predicts that India's GDP will continue to expand at an average of over 7%, which means that the nominal GDP will nearly double to around US\$ 4.50 trillion in 2025. India will also then become the world's 5th largest consumer market. Thus, it is crucial to frame and successfully execute several reforms and introduce right type of policies to maintain this trajectory. Global Rating Agency Fitch has anticipated that our GDP growth rate will be 8% by the fiscal year ending March 2019. Fitch expects India's GDP to grow 7.5% in the fiscal year ending March 2016 and improved to 7.7 in the current fiscal year and further projected to 7.9% in the fiscal year ending March 2018.

STATEMENT ON SECTOR-WISE FDI EQUITY INFLOWS FROM APRIL 2000 to SEPTEMBER 2016

Sr. No	Sector	Amount of FDI Inflows		% age of Total Inflows
		(In Rs crore)	(In US\$ Million)	
1	Services Sector *	293,722.25	56,080.38	18.08
2	Construction Development: Townships, housing, built-up infrastructure and construction-development projects	114,350.25	24,249.79	7.82
3	Computer Software & Hardware	119,086.87	22,050.02	7.11
4	Telecommunications	111,388.19	21,169.09	6.83
5	Automobile Industry	86,258.79	15,793.24	5.09
6	Drugs & Pharmaceuticals	74,367.25	14,490.21	4.67
7	Trading	78,772.13	13,354.42	4.31
8	Chemicals (Other Than Fertilizers)	63,116.31	12,432.77	4.01
9	Power	56,357.06	11,034.73	3.56

10	Hotel & Tourism	53,207.16	9,749.97	3.14
11	Metallurgical Industries	46,423.28	9,337.63	3.01
12	Construction (Infrastructure) Activities	54,127.19	8,886.97	2.87
13	Food Processing Industries	43,612.73	7,316.46	2.36
14	Petroleum & Natural Gas	32,826.36	6,700.62	2.16
15	Electrical Equipments	31,405.84	5,764.92	1.86
16	Information & Broadcasting (Including Print Media)	30,699.42	5,629.02	1.82
17	Non-Conventional Energy	26,775.74	4,773.95	1.54
18	Industrial Machinery	23,176.58	4,233.86	1.37
19	Hospital & Diagnostic Centres	23,169.91	4,098.19	1.32
20	Consultancy Services	18,662.67	3,512.57	1.13
21	Miscellaneous Mechanical & Engineering Industries	16,269.85	3,230.69	1.04
22	Cement And Gypsum Products	14,835.42	3,117.90	1.01
23	Fermentation Industries	13,476.13	2,463.88	0.79
24	Sea Transport	12,507.63	2,287.22	0.74
25	Mining	12,045.03	2,218.79	0.72
26	Rubber Goods	12,620.38	2,211.31	0.71
27	Textiles (Including Dyed,Printed)	11,414.60	2,122.09	0.68
28	Agriculture Services	9,375.40	1,859.17	0.6
29	Electronics	8,386.99	1,668.31	0.54
30	Ports	6,730.91	1,637.30	0.53
31	Prime Mover (Other Than Electrical Generators)	8,148.68	1,486.40	0.48
32	Medical And Surgical Appliances	8,344.76	1,452.70	0.47
33	Education	7,286.52	1,318.23	0.43
34	Paper And Pulp (Including Paper Products)	6,510.34	1,245.31	0.4
35	Soaps, Cosmetics & Toilet Preparations	6,446.56	1,165.13	0.38
36	Air Transport (Including Air Freight)	5,507.15	979.2	0.32
37	Retail Trading	5,768.93	909.12	0.29
38	Machine Tools	4,477.26	857.42	0.28
39	Diamond,Gold Ornaments	4,714.05	851.34	0.27
40	Ceramics	3,695.72	756.43	0.24
41	Railway Related Components	4,013.14	724.03	0.23
42	Vegetable Oils And Vanaspati	3,384.67	622	0.2
43	Printing Of Books (Including Litho Printing Industry)	3,344.25	601.87	0.19
44	Fertilizers	3,061.94	565.07	0.18
45	Glass	2,885.01	538.84	0.17
46	Agricultural Machinery	2,303.98	440.66	0.14
47	Earth-Moving Machinery	1,979.00	364.11	0.12
48	Commercial, Office & Household Equipments	1,803.48	352.3	0.11
49	Scientific Instruments	1,498.08	252	0.08
50	Boilers And Steam Generating Plants	1,177.38	194.08	0.06
51	Sugar	1,114.62	189.12	0.06

52	Leather,Leather Goods And Pickers	896.1	166.85	0.05
53	Timber Products	846.24	148.66	0.05
54	Glue And Gelatin	786.34	123.7	0.04
55	Tea And Coffee (Processing & Warehousing Coffee & Rubber)	512.96	110.73	0.04
56	Dye-Stuffs	497.12	86.43	0.03
57	Industrial Instruments	365.8	75.63	0.02
58	Photographic Raw Film And Paper	273.76	67.29	0.02
59	Coal Production	119.19	27.73	0.01
60	Mathematical,Surveying And Drawing Instruments	39.8	7.98	0
61	Defence Industries	25.48	5.12	0
62	Coir	22.05	4.07	0
63	Miscellaneous Industries	48,980.99	9,972.08	3.22
	Sub Total	1,639,999.68	310,137.12	
64	RBI's- NRI Schemes (2000-2002)	533.06	121.33	
		1,640,532.74	310,258.45	

Source : Department for Promotion of Industrial and Internal Trade.

Ease of Doing Business: According to the World Bank report, India is ranked low in “ease of Doing Business” having been perceived to have a myriad of regulations and strangling bureaucratic red tape. However, over last 2 years, Government has brought about changes which have helped India’s ranking to rise by 12 ranks to 130 and government hopes that India will be counted among the top 50 within the next 3-4 years. Measures have been taken accordingly to cut down “red tape and to lay down the red carpet” by diminishing the human interface and making the system efficient and delivery-oriented. The Indian Parliament has also just passed the “Insolvency and Bankruptcy Code, 2016”. According to the World Bank’s Doing of Business in India 2009 Report, India stands at 130th out of 189 countries. The same report has ranked Ludhiana, Hyderabad, Bhubaneswar, Gurgoan and Ahmedabad as the top 5 easiest cities to do business in India.

CONCLUSION AND SUGGESTIONS:

Government has taken much initiative for national development. A nation can’t be developed without the development of the citizen or without the development of standard of living of its citizens. Hence new initiative in the human development and development of business ecosystem is an unavoidable demand of the nation. Along with the new development models, the present practice of doing business should also be enhanced with the changing business environment. A fast development in the information technologies has been seen from the last few years, Government and all other big social developer and media should make an environment to boost the spirit of entrepreneurship with the help of technologies.

Education model should be developed with a vision to enhance personal skill and entrepreneurship ability. Media can create an environment to make people self dependent by skill, entrepreneurship and technology. Public Private Partnership model should be adopted in large scale in education, training, and skill development. India is big country in term of population. Population without productive power will become a burden on development of a country. But if the human resources of India is better utilized with a proper human development model, India will definitely be a world most developed country with its sustainable development.

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